

2004-06 Funding Methodology Points of Consensus and Budget Calendar

The *Points of Consensus among University Presidents, KCTCS President, and the Council President Concerning the 2004-06 Funding Methodology* is the basis for developing the council's 2004-06 operating and capital budget recommendations. The budget calendar outlines the process and timetable for developing the 2004-06 recommendations. Drafts of the documents are presented here for council discussion.

The points of consensus and the [budget calendar](#) have evolved over the past four months through meetings of the presidents, the chief budget officers (CBO group), and the chief academic officers (CAO group). Neither group proposed major changes to the council's funding approach. As chair of the council and of the Strategic Committee on Postsecondary Education (SCOPE), Norma Adams will present the next version to SCOPE at its March 3, 2003, meeting.

Following is a brief description of the process leading to the completion of the final draft points of consensus.

- The university presidents, the KCTCS president, and the council president agreed at their August 2002 meeting to develop a points of consensus document to guide the 2004-06 budget process and to use the 2002-04 document as a starting point.
- In September and October, the council staff conducted a survey of funding models used in other states. A summary of the findings was discussed with the institutions as background for refining the points of consensus.
- At their November 12 meeting, the chief budget officers discussed the results of the survey of funding models in other states and their implication for the points of consensus. The CBO group affirmed that the benchmark process should be retained to develop the 2004-06 operating and capital recommendations.

- A draft of the revised points of consensus for the 2004-06 funding methodology was shared with the university presidents and the KCTCS president at the December 4 presidents' meeting and the final draft was discussed January 8. The presidents agreed with the draft. The council president indicated that it would be placed on the February council meeting agenda. Also, the presidents agreed that the chief budget officers' group would complete any minor editing at its January 21 meeting. At that meeting, the CBO group did not propose any changes.

The [attached final draft points of consensus](#) includes the following key features:

- Continuation of the current benchmark funding methodology with current benchmark institutions intact.
- Continuation of the policy to not reallocate institutional base appropriations.
- Continuation of the policy to fund inflation support, building operations and maintenance, and state debt service.
- Continuation of the provision that funds enrollment changes from 2002-04 by including the most recent enrollment in the benchmark calculation.
- Continuation of the approach that deducts a percentage for tuition from total public funds to determine a state appropriation per FTE funding objective for each institution.
- Continuation of the trust fund approach to provide institutional incentives for meeting systemwide goals and the opportunity for institutions to recommend additional trust funds to meet the priorities of the Postsecondary Education Improvement Act of 1997.
- Continued recognition of the graduate/undergraduate cost differential for new enrollment (2004-06) in an enrollment growth and retention trust fund.
- Continuation of the provision that allows institutions to request funds for special initiatives.

A new clarifying statement is included in the capital budget section of the points of consensus acknowledging the intent that the council and the institutions will work together to identify ways to maximize institutional authority to issue debt supported by agency funds. A small work group has been appointed to pursue this issue.